

Anne K. Bingaman
April 30, 1997
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Finally, it was my understanding based on very direct questions I asked LCI during our most recent meeting, that LCI believed that it obtained the functionality of interoffice transport and other trunk-side Network Elements as part of its purchase of the Unbundled Local Switching Network Element. If LCI's position has changed, please let me know that and what LCI would propose to pay Ameritech for each of those Network Elements.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ed Hynes".

TAB R2-30

LCI International®

Worldwide Telecommunications

Anne K. Bingaman
Senior Vice President
President, Local
Telecommunications Division

May 22, 1997

VIA FAX

Mr. H. Edward Wynn
Vice President and General Counsel
Ameritech Industry Information Services
359 North Orleans, Third Floor
Chicago, IL 60654

Dear Ed:

It is becoming apparent from your various letters to me that Ameritech is seeking to forestall as long as possible any competition from CLECs such as LCI who wish to provide local service through a network platform. LCI's request for an operational test of a network platform has been made abundantly clear in our two meetings with Ameritech, and in our correspondence following-up on those two meetings. LCI has yet to receive Ameritech's response to that request; instead, all we have received to date are letters from you that either mischaracterize or claim a lack of understanding of LCI's request.

In one last effort to obtain Ameritech's prompt and firm response, I will once again set forth LCI's request. I will also, in response to your latest letter to me, identify the ways in which Ameritech has previously mischaracterized LCI's request.

I. DESCRIPTION OF THE LCI NETWORK ELEMENTS REQUEST

The network element combination (i.e., the platform) requested by LCI consists of three basic elements: the loop, the switch, and access to the interoffice network for the transport and termination of calls.

Transport and Termination of Local Calls: LCI would rely on the pre-existing algorithms in the switch for call routing of local exchange and interexchange traffic. LCI would share with Ameritech and other ULS purchasers the existing trunk ports for purposes of routing local calls and originating and receiving toll calls. Local calls to or from LCI's local customers

would be routed over the shared trunk ports (from the ULS-purchaser's perspective) onto the existing interoffice network, pursuant to the existing routing instructions in the switch.

LCI, as the provider of local exchange service to its end user customers, would collect reciprocal compensation for termination of the transport and termination of local calls and would pay reciprocal compensation to the terminating carrier for local calls originated by LCI's local customers. LCI, as the provider of exchange access to interexchange carriers originating or terminating calls to LCI's local customers, would collect access charges (CCLC, RIC, and local switching) from the interexchange carriers.

Treatment of Exchange Access: LCI would be the exchange access provider regardless of the transport provider selected by the interexchange carrier. If Ameritech provides switched transport to an interexchange carrier terminating a call to an LCI local customer, LCI would collect the access charges associated with the end office switching and loop (CCLC, RIC, and end user common line charge), just as Ameritech would do if that call instead terminated to an Ameritech local customer served by that end office. The trunk port over which those interexchange calls are terminated would be shared by all local exchange carriers housed in that end office.

Thus, if AT&T purchased switched transport from Ameritech to reach the Ameritech local customers served from a particular end office, that same switched transport (and associated trunk port) could be used to reach the LCI local customers served from that switch. Ameritech would receive the CCLC, RIC, and local switching charges for calls to *its* local customers, and LCI would receive these switch-related charges for calls to *its* local customers. If there is a usage charge associated with the unbundled local switching element, then LCI would pay that to Ameritech for such calls. These principles apply for both originating and terminating interexchange calls.

Thus, in most circumstances, switched access will be provided on a "meet-point" basis where Ameritech (or an alternative provider) supplies the transport, and either Ameritech (for its end-users) or LCI (for its end-users) provides the switched access functions of local switching and common line. This access arrangement is effectively comparable to a situation where Ameritech and an independent jointly provide switched access service to an interexchange carrier, with Ameritech providing the transport and the independent providing the end-office function and beyond.

One of the things that LCI has asked to test with Ameritech is Ameritech's ability to provide LCI with the data it would need to bill interexchange carriers appropriately for access. The access arrangements just described are those that LCI would like to test.

Charges for LCI Platform: In its April 16 letter, Ameritech suggested that under LCI's proposal, LCI would not pay Ameritech for the functionality provided. 1/ As I explained in my April 25 letter, LCI does indeed expect to compensate Ameritech for the functionality provided, but not at wholesale rates, as Ameritech proposes. 2/ Ameritech is entitled to cost-based compensation, and LCI is willing to pay it.

Under LCI's proposed test, LCI would compensate Ameritech for the combination of elements through a charge for the loop and a charge for the unbundled local switching network element (to cover the line port, the switching matrix, and the shared use of trunk ports).

Usage charges also would apply to cover the use of the interoffice network for the transport and termination of local calls. In our meetings, Ameritech's refusal to provide this functionality -- instead insisting that LCI piece together a separate interoffice network consisting of dedicated network elements -- has prevented any discussion of a proposed compensation rate. Although LCI is legally entitled to a cost-based rate, LCI would be willing to pay Ameritech the rate of \$.05 per minute for this function for the purposes of this test. If Ameritech believes that the cost of this function is higher than this proposed amount, LCI would need to review Ameritech's cost justification for a higher charge before it could consider a higher rate.

LCI supports the per-line rate structure under consideration by the Illinois Commission in Docket Nos. 96-0486/0569 (consol.). As such, in LCI's view, there should be no additional charge to LCI for usage for intra-switch calls. LCI would nevertheless be willing to pay Ameritech, for purposes of the test, a ULS usage charge for that function, without conceding that such charge is warranted.

As discussed above, for purposes of the test, Ameritech would not be entitled to collect loop or switching related access charges (CCLC, RIC, and local switching) from LCI in connection with interexchange calls originating from and terminating to LCI's local exchange customers.

II. RESPONSE TO AMERITECH'S MISCHARACTERIZATIONS OF LCI'S REQUEST

Ameritech's mischaracterizations of LCI's request are largely attributable to Ameritech's efforts to describe that request in such a way as to fit Ameritech's legal position on its obligations under the Act to provide access to network elements. As we have stated on many occasions, we recognize that LCI and Ameritech have different views on Ameritech's legal obligations under the Act. As you know, LCI is requesting that this test proceed in spite of those differences, with the understanding that our legal differences will be resolved elsewhere in due course.

1/ See E. Wynn letter to A. Bingaman (April 16) at 3, 4, 5.

2/ See E. Wynn letter to A. Bingaman (April 16) at 4.

Interconnection: Your April 16 letter states that "LCI would not separately obtain Interconnection (as defined and described in the Act) from Ameritech, nor would it provide such interconnection to Ameritech." ^{3/} Whether or not LCI, in purchasing the unbundled element platform we have described, is obtaining interconnection within the meaning of the Act, LCI is entitled to reciprocal compensation for local calls and to cost-based transport and termination.

Components of LCI Platform: Ameritech incorrectly describes the functionalities that LCI would purchase as just the loop and the line port (as depicted in a diagram attached to its April 16 letter). ^{4/} As I stated in my March 4 letter, LCI wishes to purchase (and pay for) the "loop, switch and non-discriminatory access to Ameritech's interoffice network for the transport and termination of local calls at cost-based rates . . . " ^{5/} Ameritech incorrectly states that under LCI's proposal, LCI would not pay for all these functionalities. ^{6/}

Whether priced on a per-line basis or usage basis, LCI is willing to pay a cost-based rate for the switching functionality for purposes of originating and terminating calls, whether local or interexchange. The diagram attached to the April 16 letter also is incorrect, because it indicates that LCI would pay only for the line port, while Ameritech would provide "All Other Functionalities of Unbundled Local Switching, Transport and Termination of Telephone Exchange Service, and Exchange Access Calls."

I also need to correct several other assumptions in the diagram. The first note states that LCI's proposal "[a]ssumes, incorrectly, that Interexchange Carriers ("IXCs") can purchase Network Elements for the purpose of originating/terminating interexchange carrier traffic." LCI's proposal does not depend on the assumption. LCI also does not assume (contrary to the statement in the note) that every IXC has direct trunking to each end office -- LCI understands that this is not the case. The second note in the diagram also incorrectly suggests that LCI is willing only to pay for switching usage on the originating, but not the terminating, end. Assuming that there is a usage component of the ULS network element, it would apply to both originating and terminating traffic under LCI's request. (For purposes of the test we would not contest a rate structure that would include such a usage component).

Other Network Elements: Ameritech states in the April 16 letter that LCI would not separately purchase as part of its requested platform certain other network elements (interoffice transport, directory assistance and operator services, signaling and access to databases, and

^{3/} See E. Wynn letter to A. Bingaman (April 16) at 2.

^{4/} See E. Wynn letter to A. Bingaman (April 16) at 2 and Exhibit A (Diagram).

^{5/} A. Bingaman letter to E. Wynn (March 4) at 1.

^{6/} "LCI believes that it should receive the functionalities provided by such Network Elements [dedicated or shared/dedicated transport and tandem switching] when it purchases only LCI's proposed Unbundled Local Switching and Loops." E. Wynn letter to A. Bingaman (April 16) at 3 & n.2. See also id. at 5 ("Ameritech will not provide LCI such use of Ameritech's network for free.") and 4.

unbundled tandem switching). As stated above, LCI desires common transport, and has concluded that Ameritech's dedicated or shared/dedicated transport offerings are not sufficient to meet its needs. LCI would, however, require directory assistance and operator services, at least for purposes of the test 7/.

Transport and Termination of Local Calls over Shared Interoffice Network:

Because Ameritech disagrees with LCI that it is obligated to provide local transport and termination (common transport) in conjunction with unbundled local switching, it persists in labeling this network functionality as a wholesale service. 8/ LCI does not wish to purchase this functionality as a wholesale service, and we have repeatedly made that clear. LCI's position is that Ameritech is obligated under the Act and the FCC's rules to provide transport and termination of local calls at cost-based rates. This is so first, because common transport is a network element and second, because local exchange carriers are entitled to reciprocal compensation (and transport and termination from other local exchange carriers) at cost-based rates. 9/

Ameritech's position is that it does not have such an obligation under the Act. We state this difference only to underscore that we are asking Ameritech to conduct a test of the unbundled element platform *as LCI has defined it*, understanding Ameritech's legal position that it is not obligated to offer that definition of the platform.

Access Charge Treatment: Ameritech also has refused to acknowledge that the purchaser of unbundled local switching is the provider of originating and terminating interexchange access *regardless* of the nature of transport selected by the interexchange carrier. 10/ Again, to be perfectly clear, LCI is requesting that Ameritech conduct a test of the platform under which the ULS purchaser is the provider of exchange access in every situation.

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7/ Assuming that Ameritech agrees to conduct a test, LCI would like to test custom routing on some lines to a separate OS/DA arrangement.

8/ See E. Wynn letter to A. Bingaman (April 16) at 4.

9/ Ameritech suggests in a footnote to its April 16 letter that LCI asserted in its March 4 letter that Ameritech is unwilling to provide dedicated or shared interoffice transport to LCI. LCI stated there that Ameritech was willing only to offer access to its dedicated interoffice facilities -- and understood that Ameritech's "shared" offering was also an offering of dedicated facilities -- dedicated to a carrier that could share that facility with another (non-Ameritech) carrier. March 4 letter at 2. LCI consistently has requested, instead, that it be permitted to share Ameritech's own transport network -- an offering often referred to as "common transport." This was clear in LCI's March 4 letter, and in our discussions at our first and subsequent meetings. See March 4 letter at 1 (LCI's approach "ensures that *the existing Ameritech interoffice network* is used to most efficiently complete local traffic.") (emphasis added). Most of the other RBOCs include such an offering in their unbundled network element tariffs.

10/ See E. Wynn letter to A. Bingaman (April 16) at 4.

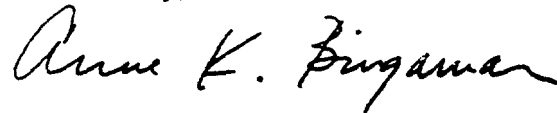
Mr. H. Edward Wynn
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I hope that this letter settles once and for all any claimed uncertainties regarding the nature of LCI's request. LCI's immediate goal is to determine whether or not Ameritech is willing to test LCI's definition of the platform at LCI's Chicago and Grand Rapids sales offices. Please advise me in writing by May 29, 1997, whether or not Ameritech is willing to conduct such a test.

If Ameritech is willing to proceed with the test as we discussed it first on February 28, 1997, LCI will proceed promptly to work with Ameritech first to convert our Chicago sales office to a UNE platform, and then to move friendly customers of LCI's in Chicago to a UNE platform. This would allow both Ameritech and LCI to gain experience and to test Ameritech's OSS and procedures for establishing the network platform required by the Act and the FCC's August 1, 1996 Local Competition Order.

Thank you very much. We very much hope Ameritech will proceed, and I look forward to hearing from you.

Sincerely,



Anne K. Bingaman

AKB:slg

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